

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C. 20554

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DEC - 7 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
LAMBDA COMMUNICATIONS, INC.)
)
Emergency Petition for)
Rulemaking to Apply Expanded)
Interconnection Obligations)
to the Puerto Rico Telephone)
Company)

RM No. 8708

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REPLY COMMENTS OF LAMBDA COMMUNICATIONS, INC.

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Summary

On September 29, 1955, Lambda filed an Emergency Petition requesting that the Commission issue a notice of proposed rulemaking to amend its rules in a manner that would extend to PRTC the Commission's expanded interconnection obligations currently applicable to all other Tier 1 LECs. PRTC, the monopoly provider of local exchange service in Puerto Rico, has hidden behind this exemption in refusing to provide expanded interconnection, or any other accommodation for that matter, to Lambda so as to allow Lambda to provide interstate access services. In its Emergency Petition, Lambda demonstrated that the continued exemption of PRTC from the Commission's expanded interconnection rules can no longer be justified, and PRTC's exemption must be eliminated expeditiously in order to put an end to PRTC's interstate access monopoly.

Despite the overwhelming support for Lambda's Emergency Petition from all other commenters, PRTC contends that the Commission should decline to conduct such a rulemaking. Despite PRTC's claims to the contrary, Lambda requested interstate interconnection as early as the first quarter of 1995, and repeatedly thereafter. Regardless of when Lambda made its interconnection request, the key fact is that PRTC has refused to interconnect.

PRTC argues that because Puerto Rico has a historically low telephone penetration rate, and PRTC is working to improve this situation, it should be excused from interstate access and

transport competition. This claim is sheer folly. The solution to low telephone service penetration in Puerto Rico lies not with protecting the entrenched monopoly provider but rather with the improvement of PRTC's efficiency and its full participation in universal service and high cost maintenance programs. PRTC's reliance on the tired argument that "dire consequences" will result from access competition was rejected by the Commission when expanded interconnection was first mandated. There is no evidence that "dire consequences" have resulted in any jurisdiction where expanded interconnection has been implemented.

PRTC claims that the Commission exempted it from the expanded interconnection for "good and sufficient" reasons, including its status as a government-owned LEC serving an area with a low telephone penetration rate and on the basis of its membership in NECA. In fact, PRTC was granted an exemption from expanded interconnection solely because it was a member of NECA and its status as the sole exempted Tier 1 LEC did not undermine the overall policies behind expanded interconnection at the time the expanded interconnection rules were adopted. Contrary to PRTC's comments, the Commission has never adopted its "low penetration" rationale as a reason for exempting any LEC from the expanded interconnection requirements and PRTC has provided no valid reason to do so now.

The Commission's decision not to apply expanded interconnection obligation on NECA members was based on the fact that (with the exception of PRTC), NECA participants are small

telephone companies serving rural areas and that there would be little demand for expanded interconnection in such situations. As demonstrated in its Emergency Petition, because PRTC is not a small LEC, nor is Puerto Rico a rural area, and because there now exists a clear demand for competitive access service in Puerto Rico, PRTC's exemption should be eliminated.

PRTC also contends that the Commission should delay or defer consideration of Lambda's Emergency Petition on the grounds that telecommunications reform legislation is pending before Congress. This argument is a transparent delaying tactic and wholly without merit. As PRTC is well aware, the long-standing policy debates surrounding a large number of highly contested issues make it clear that there is no certainty that telecommunications reform legislation will be enacted, or if it enacted, what provisions it will contain. Lambda's Emergency Petition is based on the current Act and current Commission public interest policies. There is simply no basis for delay on the grounds of possible legislative changes.

Finally, PRTC argues that its status as a wholly-owned subsidiary of the government of Puerto Rico is not germane to Lambda's Emergency Petition. Nothing could be further from the truth. Not only does PRTC reap countless financial benefits as a result of this unique arrangement, but PRTC is able to engage in anticompetitive behavior without scrutiny by any independent state or local regulatory body. PRTC's attempt to ignore its unprecedented status undermines its credibility and supports

Lambda's position that immediate Commission action is needed.

For all of the reasons stated in Lambda's Emergency Petition, the comments in support and its Emergency Petition, and this Reply, the Commission should commence a rulemaking proceeding for the purpose of eliminating PRTC's exemption from the expanded interconnection requirements.

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To: The Commission

REPLY COMMENTS OF LAMBDA COMMUNICATIONS, INC.

Lambda Communications, Inc. ("Lambda"), by its attorneys, herein submits its reply to comments filed by the Puerto Rico Telephone Company ("PRTC") in the captioned matter. On September 29, 1995, Lambda petitioned the Commission ("Emergency Petition") to expeditiously issue a notice of proposed rulemaking to amend Section 64.1401 of its rules¹ in a manner that would extend the Commission's expanded interconnection requirements currently applicable to all other Tier 1 local exchange carriers (LECs) to

¹47 C.F.R. §§ 64.1401 - 64.1402. See Expanded Interconnection with Local Exchange Carrier Facilities, Report and Order and Notice of Proposed Rulemaking, 7 FCC Rcd 7369 (1992), Second Report and Order and Third Notice of Proposed Rulemaking, 8 FCC Rcd 7341 (1993), Order on Reconsideration, 9 FCC Rcd 5154 (1994), vacated in part, remanded in part, Bell Atlantic Tel. Cos. v. FCC, 24 F.3d 1441 (D.C. Cir. 1994) ("Expanded Interconnection").

the PRTC.² Of the six parties that filed comments, only PRTC opposed the Emergency Petition.³ As a result, Lambda's reply comments will be limited to showing that PRTC's arguments are alternately incorrect and/or irrelevant.

I. BACKGROUND

In its Emergency Petition, Lambda demonstrated that the continued exemption of PRTC from the Commission's expanded interconnection requirements can no longer be justified, and that the Commission's rules should be amended to subject PRTC to the same expanded interconnection obligations that are applicable to all other Tier 1 LECs. Lambda showed that PRTC, the government owned monopoly provider of local exchange service in Puerto Rico, has hidden behind the Commission's exemption of PRTC from expanded interconnection obligations so as to inhibit competition in the provision of interstate access services in Puerto Rico. Specifically, PRTC has steadfastly refused to provide expanded interconnection (or any other type of interconnection) to Lambda so as to allow Lambda to provide interstate access service. As a result of PRTC's anticompetitive conduct, Lambda asked the Commission to commence a rulemaking proceeding for the purpose of eliminating PRTC's exemption from expanded interconnection

²Lambda's Emergency Petition appeared on Public Notice October 23, 1995. See FCC Public Notice, Report No. 2107 (Doc. No. 60313).

³The other five entities are AT&T Corp., MCI Telecommunications Corporation, Sprint Communications Company, L.P., Cellular Communications of Puerto Rico, Inc. and Celpage, Inc.

requirements.

Despite the overwhelming support for the initiation of a rulemaking proceeding as proposed in Lambda's Emergency Petition from all other commenters, PRTC contends that the Commission should not make such a proposal. PRTC argues that permitting competition in the interstate access marketplace would hamper its long-standing efforts to improve telephone service penetration in Puerto Rico. PRTC also submits that pending Congressional legislation proposing telecommunications reform warrants a delay in addressing the pro-competitive issues raised by Lambda. PRTC's self-serving claims are either without relevance or merit or both.

II. ARGUMENT

A. PRTC's Comments Are Disingenuous And Inaccurate

As a preliminary matter, Lambda is compelled to correct certain statements of fact contained in PRTC's comments. PRTC's statement that Lambda did not request interconnection for interstate services until October 4, 1995 is simply wrong.⁴ As noted in the Emergency Petition, Lambda has asked PRTC for interconnection for interstate services since the first quarter of 1995 and repeatedly thereafter.⁵ By ignoring Lambda's earlier interconnection request, PRTC seeks to confuse Lambda's interstate services, which require interconnection, with its

⁴See PRTC Comments at 2.

⁵See Emergency Petition at 6.

intra-island services, which do not require interconnection. These tactics are employed by PRTC to avoid considering Lambda's interconnection request.

The truth is that well before October 4, 1995, PRTC was fully aware that the only services proposed by Lambda that involved interconnection with PRTC's network were interstate services. Indeed, Lambda specifically addressed this matter in two June 20, 1995 filings before the Puerto Rico Public Service Commission, which were served on PRTC.⁶

Regardless of when Lambda made its interconnection request, the key point is that PRTC has refused to interconnect. Lambda invites PRTC to voluntarily offer expanded interconnection in that same manner as every other Tier 1 LEC. Such action would save valuable Commission resources, foster competition, benefit existing and new wired and wireless carriers, and serve the public interest.⁷

⁶*See In Re: Lambda Communications, Inc., Caso Num.: CSP-001-FRT, Oposicion A Memorando De Derecho Presentado Por La Puerto Rico Telephone Company Y La Autoridad De Telefonos De Puerto Rico at 1, fn. 1 and Mocion Aclaratoria.*

⁷PRTC also claims that it responded to Lambda's request "by seeking additional details regarding Lambda's request, by urging Lambda to submit a normal service order for interconnection services, and by promising to give prompt attention to Lambda's service request." PRTC Comments at 2, fn. 3. This statement is disingenuous. It neglects to indicate that PRTC's October 18, 1995 response came more than six months after Lambda first approached PRTC with its interconnection request and merely treated Lambda as an interexchange carrier pursuant to NECA Tariff FCC No. 5.

PRTC's claim that it has responded to Lambda's parent's request ("Centennial Cellular Corp." or "Cenntennial") for a PCS
(continued...)

B. Puerto Rico's Low Telephone Service Penetration Rate Is Not A Valid Reason To Maintain PRTC's Expanded Interconnection Exemption

PRTC uses a considerable portion of its comments to explain that Puerto Rico has had historically low telephone service penetration and that it has been working to improve the situation.⁸ PRTC has completely missed the point. Lambda does not contest either proposition. However, as Lambda explained at length in its Emergency Petition, the solution to the low telephone service penetration in Puerto Rico lies not with precluding interstate access and transport competition, as PRTC would have the Commission believe, but rather with improvement of PRTC's efficiency and its full participation in universal service and high cost maintenance programs which have been established to

⁷(...continued)
interconnection agreement by tendering an interconnection agreement - is similarly disingenuous. It is true that PRTC tendered an interconnection agreement but that agreement was completely devoid of any pricing information. Indeed, no pricing information has been provided even as of the date of these reply comments. Moreover, even this wholly inadequate draft agreement was not provided until more than 5 months after it was requested by Centennial. As a result, Centennial filed a Formal Complaint, pursuant to Section 208 of the Communications Act, against PRTC on December 1, 1995. It is clear that PRTC is in no position to state that it has been responsive to any interconnection requests from Lambda or Centennial.

⁸PRTC Comments at 4-7. In its Emergency Petition, Lambda demonstrated that PRTC's local service rates were 42 percent higher than the national average. See Emergency Petition at 22. PRTC does not take issue with this fact. Instead, it indicates that its local service rates have not increased since December, 1984. See PRTC Comments at 5. It is unclear how PRTC can blame its high local service rates on high costs and yet state that those rates have not increased in over 10 years - unless its cost have not increased during this same time period. These are arguments of convenience, not merit.

address this type of situation.⁹

The Commission has never excused any local service provider from obligations to permit access to competitive providers of interstate service for the purpose of keeping local rates lower or raising local service penetration. Using PRTC's logic, other LECs with low penetration levels (e.g., BellSouth in South Carolina or US West in New Mexico) could claim a similar right to be excused from expanded interconnection. Perhaps more importantly, PRTC's request for regulatory protection seems to assume that low penetration is solely a function of service rates which should be subsidized. However, as in other low penetration areas, Puerto Rico's situation is probably caused more by poor economic conditions (e.g., low income, high unemployment, etc.) than by high telephone service costs and pricing. As the Commission has often recognized, an important public interest benefit of telecommunications competition is that it stimulates economic development, which ultimately will be more important to raising and maintaining higher telephone penetration rates than artificially low prices made possible by regulatory protections.

PRTC's contention that expanded interconnection will slow its efforts to implement universal service because it will divert funds and cause local rates to increase is the ultimate monopolist's argument. The argument is based upon the proposition that the monopolist LEC should be allowed to determine when, if ever, competition will be permitted. In

⁹Emergency Petition at 28-30.

practical terms, this concern over the possibility of "dire consequences" if competition is permitted has been disproved time and time again in other jurisdictions where interstate access and transport competition has arrived.¹⁰

PRTC is merely repeating the same time-worn arguments that have been made by other Tier 1 LECs before expanded interconnection was mandated and that the Commission rejected in requiring expanded interconnection.¹¹ As stated by the Commission,

[e]xpanded interconnection for interstate special access indirectly may shift some costs to the state jurisdictions through the separations process. There is no basis for concluding, however, that such a shift would threaten universal service.¹²

The PRTC does not even present an assumed scenario that would result in such feared revenue diversion. Indeed, the PRTC can point to no documented data that would indicate that any of these "dire consequences" have come to pass in any jurisdiction where

¹⁰For example, in comments filed in 1991, Southwestern Bell argued that "LECs will lose hundreds of millions of dollars in revenue as a result of expanded interconnection, which will cause costs to shift to the state jurisdiction, force local exchange rates to increase, and create a disincentive to invest in new technologies." See Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, supra, 7 FCC Rcd at 7378. The Commission rejected this position, stating that "[w]e are convinced ... that the dire predictions of revenue losses made by SW Bell, for example, are based on highly unrealistic assumptions." Id. at 7380. In fact, experience has demonstrated that the Commission was correct.

¹¹In addition to the comments of Southwestern Bell referenced above, see also comments filed by Ameritech, BellSouth, Bell Atlantic and GTE. Id. at 7377.

¹²Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, supra, 7 FCC Rcd at 7381.

expanded interconnection has been implemented.

If the Commission determines in the proper generic rulemaking proceeding that competitive interstate access and transport providers are required to contribute financially or otherwise towards universal service, Lambda will, of course, comply in the manner and to the degree indicated by the Commission.

C. PRTC's Continued Exemption From The Commission's Expanded Interconnection Obligations Is Not Justified

PRTC claims that the Commission exempted it from the requirements of expanded interconnection for "good and sufficient" reasons.¹³ PRTC then summarizes the arguments it made in 1991 in favor of such exemption and assumes that the Commission was persuaded by those arguments to exempt PRTC.¹⁴ This is truly a leap of logic. PRTC argued in 1991, as it does again in this proceeding, that its unique circumstances as a government-owned LEC with a low telephone penetration rate warrants its exemption from expanded interconnection requirements. PRTC's 1991 comments also supported an exemption for PRTC on the basis that it was a member of the National Exchange Carrier Association ("NECA"). Nowhere in the Commission's 1992 order is PRTC's "low penetration" rationale adopted; instead, PRTC's exemption is based solely on its

¹³PRTC Comments at 7-9.

¹⁴Id.

membership in the NECA pool.

At best, the only aspect of PRTC's 1991 comments that could be associated with the Commission's rationale for the exemption involved nothing more than generic support for exempting members of NECA. They had nothing to do with PRTC or Puerto Rico specifically. As noted, there is no mention of PRTC's "low penetration" argument in the Commission's 1992 order regarding expanded interconnection and there is absolutely no reason to believe that this argument played any particular role in PRTC's exemption. Rather, as discussed in the Emergency Petition, the Commission's 1992 order clearly states that PRTC was accorded an exemption merely because it was a member of NECA and that its status as an exempted Tier 1 local exchange carrier did not undermine the overall policies behind expanded interconnection because it was the only LEC that was so situated.¹⁵

Lambda did not take issue with the general proposition that members of NECA should be exempted from the requirements of expanded interconnection. The reasons for this exemption lie in the fact that, with the exception of PRTC, NECA members are small telephone companies serving rural areas where there is no expected demand for expanded interconnection.¹⁶ The bottom line

¹⁵See Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, supra, 7 FCC Rcd at 7398.

¹⁶Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, supra, 7 FCC Rcd at 7381 ("We have chosen to proceed cautiously by excluding the smaller LECs, which generally serve rural areas, from the expanded interconnection requirements."); Id. at 7398 ("... it is unlikely that there
(continued...)")

is that PRTC's voluntary participation in NECA has resulted in an unjustifiable windfall for PRTC and such participation should not dictate whether or to what extent there should be competition in the provision of interstate access and transport communications services in Puerto Rico.¹⁷

PRTC states that it did not contend in the expanded interconnection proceeding that Puerto Rico was predominantly rural in nature and that "the Commission never cites such an argument in support of its 1992 decision."¹⁸ Yet, in the very next sentence, PRTC does claim, albeit erroneously, that "most of the land area is characterized by rural and mountainous tracts that are very expensive to serve."¹⁹ It is unclear how PRTC

¹⁶(...continued)
would be great demand for expanded interconnection in the smaller LECs' service areas, at least in the near term.). However, neither of these characterizations apply in the present case. As demonstrated in Lambda's Emergency Petition, PRTC is not small, and Puerto Rico is not rural. See Emergency Petition at 11-16 ("PRTC is the 12th largest telecom system in the United States. It has \$2.3 billion in assets and nearly \$1 billion in revenues Puerto Rico has a population density of 1,112 persons per square mile - which is greater than the population density of every state and is more than 15 times the population density of the United States as a whole.").

¹⁷In criticizing Lambda's suggestion that PRTC may wish to withdraw from the NECA pool (as have all other Tier 1 LECs), PRTC's again misses the point. See PRTC Comments at 9, fn. 12. As Lambda recognized in its Emergency Petition, it is up to each LEC to decide whether or not to participate in the NECA pool. See Emergency Petition at 32-33. However, this voluntary decision to remain a pool member should not justify the continuation of PRTC's exemption from complying with expanded interconnection obligations and the resulting protection from competition in interstate access.

¹⁸PRTC Comments at 8, fn. 10.

¹⁹Id.

making this claim in an effort to fend off expanded interconnection in this proceeding is any less significant than if it had made the claim in the 1992 proceeding. In any event, PRTC has again completely missed the point. The Commission's exemption of NECA members from the requirements of expanded interconnection was an effort to accord some relief to small LECs serving rural areas with no demand for expanded interconnection.²⁰ As discussed in the Emergency Petition, not only is PRTC a large LEC but Puerto Rico is clearly and predominantly urban in nature.²¹ More importantly, as evidenced by Lambda's Emergency Petition and the supporting comments, there is a clear demand for competitive access in Puerto Rico.²²

PRTC accuses Lambda of asserting that the Commission's 1991 decision to exclude PRTC was not based on the record, and that under the Administrative Procedure Act, Lambda's request is now untimely.²³ This argument is utter nonsense. Lambda did not claim that the Commission erred in exempting PRTC in 1991, but rather argues that circumstances have changed since that time.

²⁰Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, *supra*, 7 FCC Rcd at 7398.

²¹Emergency Petition at 11-14. It is the ultimate in inconsistency for the PRTC to claim that the Commission did not base its decision to exempt PRTC on the "rural" nature of Puerto Rico because the Commission did not cite such an argument in its decision, and yet argue that its equally uncited "unique circumstances" arguments in favor of the exemption were in fact embraced by the Commission. PRTC Comments at 8.

²²Emergency Petition at 6. See also AT&T Comments at 3, fn. 5; Sprint Comments at 3-5.

²³Id. at 9, fn. 13.

In fact, in originally adopting the subject exemption, the Commission stated that

[w]e also conclude that NECA pool members should be excluded from expanded interconnection requirements, at least for the present. Since the Puerto Rico telephone Company is the only Tier 1 LEC that also is a NECA pool member, this is not much more restrictive than requiring all Tier 1 LECs to provide interconnection We may revisit this decision to exclude NECA pool members after we have an opportunity to observe the effect of expanded interconnection on other LECs.²⁴

This statement clearly indicates that the Commission contemplated revisiting this issue should circumstances change.²⁵ In fact, circumstances have changed: In 1991, there was no demand for expanded interconnection in Puerto Rico -- now there is. That is why Lambda petitioned for rulemaking to change rules -- not to reconsider a 3-year old decision to establish rules. To suggest that Lambda's Emergency Petition is an untimely request to reconsider the Commission's 1992 order is plainly incorrect.

In its expanded interconnection docket, the Commission developed a comprehensive record on the benefits of competition in the provision of interstate access and transport services.²⁶

²⁴Expanded Interconnection, Report and Order, supra, 7 FCC Rcd at 7398. (emphasis added.)

²⁵Lambda notes that rather than limiting the proposed rulemaking to PRTC, MCI Communications Corp. has asked the Commission to modify its rules expanded interconnection requirements to all LECs. See MCI Comments at 2. In light of the urgency of Lambda's request, as documented in its Emergency Petition, Lambda urges the Commission to first address the situation with respect PRTC before engaging in a more sweeping inquiry.

²⁶See Expanded Interconnection, Notice of Proposed Rulemaking and Notice of Inquiry, supra, 6 FCC Rcd 3259 ("Expanded access (continued...)

Unfortunately, as a result of PRTC's exemption from the expanded interconnection rules, these benefits have not reached the residents of Puerto Rico as demand for such services have developed. This absence of competition and its impact on access pricing was noted by Sprint in its comments. Sprint states as follows:

Sprint currently pays PRTC a little less than \$0.07 per minute for interstate switched access. This is considerably higher than the typical rate that Sprint pays in almost every other case. Effective entry by Lambda into the Puerto Rico market would provide opportunities to reduce Sprint's cost of access, thereby enhancing competition not only in the local markets but long distance markets as well.²⁷

²⁶(...continued)
competition has the potential to produce substantial benefits through expanded customer choice, improved efficiency, and the more rapid deployment of technology"); See also Expanded Interconnection, Supplemental Notice of Proposed Rulemaking, supra, 6 FCC Rcd at 3216 ("We believe removing the barriers present in current LEC special access tariffs to allow greater competition will result in substantial benefits"); Expanded Interconnection, Report and Order and Notice of Proposed Rulemaking, supra, 7 FCC Rcd at 7380 ("The growth in competition resulting from expanded interconnection should increase LEC incentives for efficiency and encourage LECs to deploy new technologies...."); Expanded Interconnection, Second Report and Order and Third Notice of Proposed Rulemaking, supra, 8 FCC Rcd at 7378-7385 (noting the many benefits of competition in the interstate toll and customer premises equipment markets, and holding that similar benefits would be realized by increased competition created by expanded interconnection).

²⁷Sprint Comments at 4-5. See also AT&T Comments at 3 (noting that interexchange carriers such as AT&T and their customers have been denied the benefits of lower rates and new access service options available in other Tier 1 LEC service areas); Celpage Comments at 8-9 (demonstrating that PRTC's failure to provide certain interconnection arrangements has harmed the development of competitive communications services in Puerto Rico), and Cellular Communications of Puerto Rico, Inc., Comments at 3 (noting that the lack of competition in Puerto Rico has resulted in "inordinate delay[s] in the delivery of

(continued...)

In sum, despite PRTC's desperate attempt to cling to the past, the factors underlying the Commission's original decision to exempt PRTC from expanded interconnections obligations no longer exist, and the rule should be amended accordingly.

D. Proposed Federal Telecommunications Reform Legislation Provides No Justification For Delaying Or Deferring Lambda's Emergency Petition

PRTC argues that because federal telecommunications reform legislation is pending before Congress, the Commission should refuse to entertain Lambda's request for rulemaking.²⁸ This argument is little more than a transparent and self-serving dilatory tactic. It is far from clear at this juncture when or even whether such legislation will become law. And if legislation is enacted, it is impossible to know what this legislation will say. Although, as PRTC notes, the legislation is now in conference, there are many highly contentious issues and any actual legislative language is far from certain.

Lambda's petition is based on the current Act and current Commission public interest policies. To suggest that the Commission should defer action on Lambda's petition because legislation might be enacted is tantamount to arguing that the Commission should shut down and not address any policy issues

²⁷(...continued)
monopolized telecommunications services as well as unreasonable rates....").

²⁸PRTC Comments at 9.

whenever legislation which may affect such issues is pending. All that Lambda's petition asks is for the Commission to establish a rule extending to PRTC existing requirements that are applicable to all other Tier 1 LECs. In short, there is no reason to defer consideration of Lambda's request because of possible legislative change.

E. PRTC's Status As A Wholly-Owned Subsidiary Of The Government Of Puerto Rico Is An Important Factor In Evaluating The Merits Of Lambda's Emergency Petition

Lambda wholly disagrees with PRTC's view that "the local market structure is not germane to this request for rulemaking."²⁹ The fact that PRTC's intra-island operations are essentially unregulated is very germane to this proceeding. As discussed in the Emergency Petition, not only does PRTC reap countless benefits as a result of its status as a government owned LEC, but PRTC is able to behave in an anticompetitive manner unchecked by any state or local regulatory body.³⁰ As noted in its Emergency Petition, "exempting PRTC from expanded interconnection obligations with respect to interstate access services, the Commission allows PRTC to carry out this anticompetitive behavior at the interstate level."³¹ PRTC's attempt to ignore its unique situation undermines its credibility and supports Lambda's position that Commission action is needed.

²⁹Id. at 2.

³⁰Emergency Petition at 19-20.

³¹Id. at 20.


Interexchange carriers and consumers in Puerto Rico have suffered enough at the hands of an unjustifiable interstate access and transport monopoly.

III. CONCLUSION

For the foregoing reasons, Lambda urges the Commission to reject PRTC's delaying tactics and expeditiously issue a notice of proposed rulemaking for the purpose of eliminating PRTC's expanded interconnection exemption.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Robert S. Childress, a secretary at the law firm of Fleischman and Walsh, L.L.P., hereby certify that a copy of the foregoing "Reply Comments of Lambda Communications, Inc." was served this 7th day of December 1995, via first class mail, postage prepaid, upon the following:

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